

SENATE BILL NO. 78

INTRODUCED BY K. REGIER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING NET METERING LAWS; REQUIRING PUBLIC UTILITIES
5 TO INSTALL A METER OR METERS; ESTABLISHING CRITERIA FOR NET METERING SYSTEMS;
6 ESTABLISHING CRITERIA FOR DETERMINING THE VALUE OF ELECTRICITY PRODUCED AND
7 DELIVERED BY CUSTOMER-GENERATORS AND PUBLIC UTILITIES; REQUIRING THE PUBLIC SERVICE
8 COMMISSION TO ESTABLISH A NEW RATE CLASS; REQUIRING REPORTING WHEN PROPERTY WITH
9 A NET METERING SYSTEM IS SOLD; GRANDFATHERING EXISTING CUSTOMER-GENERATOR RATES
10 FOR NET-METERED CUSTOMERS; AMENDING SECTIONS 69-3-306, 69-8-602, 69-8-603, AND 69-8-604,
11 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
15 **Section 1.** Section 69-3-306, MCA, is amended to read:

16 **"69-3-306. Classification of service.** (1) ~~The~~ Except as provided in [section 5] and in accordance with
17 69-8-602, the commission may prescribe classifications of the service of all public utilities. ~~Such classifications~~
18 Classifications may take into account the quantity used, the time when used, and any other reasonable
19 consideration. ~~Each~~ A public utility ~~is required to~~ shall conform its schedule of rates, tolls, and charges to ~~such~~
20 the classifications.

21 (2) The commission shall prescribe a declining block rate structure for electric service, when
22 cost-justified."

23
24 **Section 2.** Section 69-8-602, MCA, is amended to read:

25 **"69-8-602. Utility net metering requirements.** (1) A public utility shall:
26 (1) allow net metering systems to be interconnected using a ~~standard kilowatt-hour meter or meters~~
27 capable of ~~registering~~ measuring the flow amount of electricity ~~in two directions, unless the commission~~
28 ~~determines, after appropriate notice and opportunity for comment:~~
29 ~~— (a) that the use of additional metering equipment to monitor the flow of electricity in each direction is~~
30 ~~necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits~~

1 and costs of purchasing and installing additional metering equipment; and
 2 ~~_____ (b) how the costs of net metering are to be allocated between the customer-generator and the utility; and~~
 3 ~~_____ (2) charge the customer-generator a minimum monthly fee that is the same as other customers of the~~
 4 ~~electric utility in the same rate class. produced by the customer-generator, the amount of electricity consumed~~
 5 ~~by the customer-generator, the amount of electricity delivered to the public utility by the customer-generator, and~~
 6 ~~the amount of electricity delivered to the customer-generator by the public utility.~~

7 (2) (a) On or before January JULY 1, 2018, the commission shall establish a separate rate class for
 8 customer-generators.

9 (b) Electricity produced by the customer-generator and delivered to the public utility must be valued at
 10 the wholesale rate as established by the mid-Columbia electricity price index average over a 3-month period.

11 AVOIDED COST.

12 ~~(3)(C)~~ A customer-generator shall also pay a monthly service charge RATE determined by the commission
 13 that is sufficient to cover the customer-generator's share of a public utility's fixed costs of operation.

14 ~~(4)(3)~~ The commission shall determine, after appropriate notice and opportunity for comment if:

15 (a) the public utility will incur any additional direct costs associated with interconnecting or administering
 16 net metering systems that exceed any offsetting benefits associated with these net metering systems; and

17 (b) public policy is best served by imposing these costs on the customer-generator, rather than allocating
 18 these costs among the public utility's entire customer base.

19 ~~(5) For the purposes of this section, "mid-Columbia electricity price index" means volume-weighted~~
 20 ~~averages of specifically defined bilateral, wholesale, or physical transactions. Calculations average together~~
 21 ~~power transactions from Columbia, Midway, Rocky Reach, Wells, and Wanapum/Vantage delivery points along~~
 22 ~~the Columbia River."~~

23

24 **Section 3.** Section 69-8-603, MCA, is amended to read:

25 **"69-8-603. Net energy measurement calculation.** Consistent with the other provisions of this part, the
 26 net energy measurement must be calculated in the following manner:

27 (1) The public utility shall measure the net electricity produced, ~~or consumed,~~ and delivered during the
 28 billing period, in accordance with ~~normal metering practices~~ 69-8-602.

29 (2) If the electricity ~~supplied~~ delivered by the ~~electricity supplier~~ public utility exceeds the electricity
 30 ~~generated~~ produced by the customer-generator and ~~fed-back~~ delivered to the ~~electricity supplier~~ public utility

1 during the billing period, the customer-generator must be billed for the net electricity ~~supplied~~ delivered by the
 2 ~~electricity supplier public utility and billed for the appropriate monthly service charge~~ AT THE APPROPRIATE RATE,
 3 in accordance with ~~normal metering practices~~ 69-8-602.

4 (3) If electricity ~~generated~~ delivered by the customer-generator exceeds the electricity ~~supplied~~ delivered
 5 by the ~~electricity supplier public utility~~, the customer-generator must be:

6 (a) billed for ~~AT~~ the appropriate ~~customer charges~~ monthly service charge RATE for that billing period, in
 7 accordance with 69-8-602; and

8 (b) credited for the ~~excess kilowatt hours generated during the billing period, with this kilowatt-hour value~~
 9 of the electricity delivered to the public utility in accordance with 69-8-602, with the credit appearing on the bill
 10 for the following billing period.

11 (4) On January 1, April 1, July 1, or October 1 of each year, as designated by the customer-generator
 12 as the beginning date of a 12-month billing period, any remaining unused kilowatt-hour credit accumulated during
 13 the previous 12 months must be granted to the ~~electricity supplier public utility~~, without any compensation to the
 14 customer-generator.

15 (5) When a customer-generator sells property where a net metering system is located, the
 16 customer-generator shall submit a record of sale to the public utility and to the commission."

17

18 **Section 4.** Section 69-8-604, MCA, is amended to read:

19 **"69-8-604. Net metering system -- reliability and safety.** (1) A net metering system used by a
 20 customer-generator must include, ~~at the customer-generator's own expense~~, all equipment necessary to meet
 21 applicable safety, power quality, and interconnection requirements established by the national electrical code,
 22 national electrical safety code, institute of electrical and electronic engineers, and underwriters laboratories.

23 (2) The commission, after appropriate notice and opportunity for comment, may adopt by rule additional
 24 safety, power quality, and interconnection requirements for ~~customer-generators~~ net metering systems that the
 25 commission ~~or the local governing body~~ determines are necessary to protect public safety and net metering
 26 system reliability."

27

28 NEW SECTION. **Section 5. Classification of service -- when rates apply.** (1) Except as provided in
 29 subsection (2), when the commission approves a new classification of service for customer-generators in
 30 accordance with 69-3-306 or this part, the new rate applies only to customer-generators interconnecting net

1 metering systems on or after the date on which the commission adopts a final order implementing the new
2 classification.

3 (2) (a) A customer-generator that interconnects a net metering system prior to commission approval of
4 a new classification of service for customer-generators may accept service under the new classification of service
5 at any time.

6 (b) After accepting service under a new classification of service, the customer-generator may not return
7 to its original classification of service.

8 (c) If the property where the net metering system is located is sold on or after the date that the
9 commission approves a new classification of service, then the new rate applies to the customer-generator
10 following the sale of the property.

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12 **NEW SECTION. Section 6. Codification instruction.** [Section 5] is intended to be codified as an
13 integral part of Title 69, chapter 8, part 6, and the provisions of Title 69, chapter 8, part 6, apply to [section 5].

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15 **NEW SECTION. Section 7. Saving clause.** [This act] does not affect rights and duties that matured,
16 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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18 **NEW SECTION. Section 8. Effective date.** [This act] is effective on passage and approval.

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20 **NEW SECTION. Section 9. Applicability.** [This act] applies to net metering equipment or facilities
21 installed or modified on or after [the effective date of this act].

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